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FISCAL IMPACT REPORT

SPONSOR Beam DATE TYPED 2//13/04 HB 272

SHORT TITLE Faculty Endowment Fund SB _____

ANALYST Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	(\$12,000.0)*			Recurring	General Fund
	\$12,000.0*			Recurring	Faculty Endowment Fund

(Parenthesis () Indicate Expenditure Decreases)

*See narrative.

Duplicates SB 223

Relates to SB 121

Relates to Appropriation in the General Appropriation Act

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
			See Narrative*	Faculty Endowment Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Response Received From
Commission on Higher Education (CHE)

SUMMARY

Synopsis of Bill

House Bill 272 appropriates \$12 million from the general fund to the Commission on Higher Education for the Faculty Endowment Fund for expenditure in FY05 and subsequent fiscal years to be disbursed in equal amounts to the three research universities: the University of New Mexico, New Mexico State University, and the New Mexico Institute of Mining and Technology.

Significant Issues

The CHE reports that the Faculty Endowment Fund statute, Chapter 31 (Laws 2002) requires the university to match State monies “in the amount that is equal to or greater than the amount authorized by statute (i.e. at least a dollar-for-dollar amount) from non-governmental sources before June 30, 2005. Each total endowment must meet a minimum amount (50% from the State’s Faculty Endowment Fund, and at least 50% coming from nongovernmental funds) of:

1. Endowed chairs -- \$1,000,000
2. Endowed professorships --\$400,000
3. Endowed faculty development programs --\$75,000

The CHE also reports that the General Appropriations Act of 2002 originally allocated \$10 million to the CHE to implement the Faculty Endowment Fund established in Chapter 31 (Laws of 2002). Disbursements from the Fund as originally allocated were intended to establish permanent chairs, professorships, and faculty development programs at New Mexico’s six universities and the University Of New Mexico School Of Medicine.

FISCAL IMPLICATIONS

The appropriation of \$12 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY05 shall not revert to the general fund.

*Current statute requires the matching funds be raised prior to June 30, 2005, according to the CHE.

ADMINISTRATIVE IMPLICATIONS

Universities must invest the Faculty Endowment fund “in accordance with the prudent man rule, and in accordance with the provision of§ §21-1-38 NMSA 1978.”

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